REPORT OF THE DIRECTOR-GENERAL

APPENDIX

International Labour Conference
87th Session 1999

INTERNATIONAL LABOUR OFFICE GENEVA

International Labour Conference
87th Session 1999

Report of the Director-General

Appendix

International Labour Office Geneva

ISBN 92-2-110805-8
ISSN 0074-6681

First published 1999

The designations employed in ILO publications, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the International Labour Office concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.
Reference to names of firms and commercial products and processes does not imply their endorsement by the International Labour Office, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. A catalogue or list of new publications will be sent free of charge from the above address.

Printed in Switzerland PUB

CONTENTS

APPENDIX: *Report on the situation of workers of the occupied Arab territories* 1

Introduction 1
Recent developments 3
The economy and the labour market 7
Social security, labour legislation and industrial relations 15
Technical cooperation 18

APPENDIX

Report on the situation of workers of the occupied Arab territories

INTRODUCTION

1. This report is based on the mission sent by the Director-General to gather data and information on the employment conditions of workers of the occupied Arab territories,[1] as well as on documentation received by the ILO.

2. The Director-General appointed Mr. Jean-Michel Servais, Research Coordinator of the International Institute for Labour Studies, Mr. Fred Fluitman, of the International Training Centre of the ILO in Turin, and Mr. Adam Simbeye, of the Bureau for the Promotion of Active Partnership and Technical Cooperation, to represent him on the mission, which visited Israel and the occupied Arab territories from 24 April to 1 May 1999. During their stay, the members of the mission were given every facility, and they wish to thank all the authorities concerned.

3. As in previous years, another mission visited the Syrian Arab Republic from 13 to 16 March 1999. Its members were Mr. Ibrahim Souss, Regional Director for the Arab region, and Mr. Lee Swepston, Chief of the Equality and Human Rights Coordination Branch. They held consultations with the government authorities and the employers' and workers' organizations concerned. In particular, they met in Damascus the Minister of State for Foreign Affairs, the Minister of Labour and Social Affairs and the Governor of the Province of Quneitra. They also met representatives of the Damascus Chamber of Industry, of the General Federation of Syrian Trade Unions and of the International Confederation of Arab Trade Unions (ICATU).

4. The information on which this report is based concerns first and foremost the real conditions of work and employment of the workers of the occupied Arab territories in such areas as equality of opportunity and treatment in employment, access to the labour market, working conditions, social security and industrial relations. In examining these different issues, the members of the mission bore in mind in particular the principles and objectives laid down in the Constitution of the ILO and its Preamble and in the Declaration of Philadelphia annexed to it, as

[1] See the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980).

well as the international labour standards adopted by the ILO and the principles enunciated by its supervisory bodies. Special mention should be made of the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). The information available also relates to the relevant legislation in fields within the ILO's area of competence. In this respect, it should be recalled that the Palestinians living in Israeli-controlled portions of the territories continue to be covered by a body of law derived from Ottoman, British mandate, Jordanian and Egyptian sources (the legal framework in the Gaza Strip being Egyptian law and that in the West Bank Jordanian law), as well as by Israeli military orders. For the Palestinian-controlled areas, certain laws and regulations have been adopted by the Palestinian Authority, for example in matters of taxation.

5. During their mission, the representatives of the Director-General held numerous meetings and discussions. They met the Israeli authorities in Jerusalem and Tel Aviv. They also visited East Jerusalem, the West Bank of the Jordan, and the Gaza Strip. They visited the village of Majdal Shams in the Golan.[2] The members of the mission benefited from the friendly and efficient assistance of Mr. Timothy S. Rothermel, UNDP Special Representative, who directs the programme of assistance to the Palestinian people. They also received valuable assistance from Mr. Khaled M. Doudine, the ILO's programme and administrative officer for the West Bank and Gaza.

6. They met several Palestinian personalities, including Mr. Saeb Erekat, Minister of Local Government Affairs, Mr. Faisal Hussaini, responsible for Jerusalem Affairs, Mr. Haidar Abdel Shafi, President of the Red Crescent Society, Mr. M. Qudwa, Governor of the District of Gaza and President of the Chamber of Commerce, and Mr. Azmi Shuaibi, member of the Palestinian Legislative Council and Chairman of its Budget Committee. In Nablus, they spoke with Mr. Ma'az Nabulsi, President of the Chamber of Commerce. In Nablus they also met Mr. Shaher Sa'ed, Secretary-General of the Palestine General Federation of Trade Unions (PGFTU), and, in Gaza, Mr. Rasem M. Al Bayari, Assistant Secretary-General of the Federation and President for the Gaza Strip. They visited the Ministry of Labour in Ramallah, where they met the Director of Employment and several other senior officials, as well as the Palestinian Central Bureau of Statistics (PCBS), where they spoke with Mr. Mahmoud Jaradat and Mr. Louay Shabaneh. At the Democracy and

[2] As was pointed out in previous reports, the position of the Israeli Government regarding the Golan was stated in the following terms: "The ILO mission is meant to collect material for the Director-General's report on the occupied Arab territories. It is the position of the Government of Israel that the Golan, to which Israeli law, jurisdiction and administration have been applied, is not now such an area. In view of this consideration, approval for a visit of the ILO mission to the Golan was given as a gesture of good will and without prejudice. The decision to facilitate such an informal visit shall not serve as a precedent and does not contravene the Israeli Government's position."

Workers' Rights Centre they met its President, Mr. Hassan Barghouti, and at the Palestinian Academic Society for Study of International Affairs (PASSIA) the Society's President, Mr. Mahdi Abdel Hadi.

7. In addition to Mr. Timothy Rothermel and Mr. Doudine, the members of the mission met Mr. Francis Dubois, United Nations Deputy Special Coordinator in the Occupied Territories (UNSCO), Mr. Ahmed Majdalani, National Director of the ILO project concerning the Palestinian Employment Programme, and Mrs. Suha Al Sayegh, a local expert from the integrated development project for small enterprises. They visited the ILO project for establishing a vocational training centre for handicapped persons at Nablus, and talked with the project chief and his collaborators. In Gaza they visited the Karni industrial zone.

8. In the Golan they met members of the Arab community in the village of Majdal Shams.

9. The programme organized by the Israeli authorities included meetings in Jerusalem with Mr. Yigal Ben-Shalom, Director-General of the Israeli Ministry of Labour and Social Affairs, Mr. Eli Paz, First Assistant Director-General, and their collaborators, as well as with representatives of the Ministry of Foreign Affairs, the Ministry of Defence and the National Insurance Institute. The members of the mission went to Tel Aviv for a meeting with Brigadier-General Ya'akov Ohr, Coordinator of Government Activities in the Territories, from the Ministry of Defence. They also met Ambassador Yitzchak Lior, Assistant Director-General for International Organizations, from the Ministry of Foreign Affairs, and Mr. Dan Ben-Eliezer, Director of the Projects Division of the Centre for International Cooperation (MASHAV).

10. Meetings were organized with Mr. Yosef Gattegno, of the Manufacturers' Association of Israel, with Mr. Yousef Kara, of the Histadrut trade union federation, and with other representatives of these organizations. The members of the mission also spoke with representatives of the Histadrut's International Institute for Peace and Democracy.

11. The members of the mission visited Shalgal (Mazon Ltd.), a food products enterprise in the industrial zone of Atarot.

RECENT DEVELOPMENTS

12. The Ministry of Labour of the Palestinian Authority said that the security measures, including the closure of the occupied territories, taken by the Israeli authorities rendered the situation of Palestinians working in Israel difficult. Consequently, it was impossible for these workers to work in an organized manner; they were constantly in danger of losing their jobs and they were the subject of discrimination, sometimes even of violence, at the points of entry into Israel. The officials of the Ministry of Labour mentioned the case of several workers who had been killed at the entry points and of others who had been injured or beaten.

13. The people that the members of the mission spoke with, especially from the Palestinian trade unions, also stressed the lack of clarity of the legislation applicable in the settlements that were still being established or extended.

Obviously this lack of clarity affected the workers, particularly as regards the minimum wage to which they were entitled. Generally speaking, along with the breaking of their contracts, the non-payment of wages was invariably a major problem for Palestinians working in Israel. So too was the use of intermediaries to obtain work permits. A liaison committee had been set up to discuss labour issues with the Israeli authorities but, although there had been a lot of meetings, there was very little to show for it.

14. Several Palestinian personalities emphasized that the administrative steps taken for security reasons were preventing the development of the Palestinian employers' industrial and commercial activities. The authorizations that businessmen or trucks were obliged to have to cross into Israel had important implications for the Palestinian economy and its development. These measures discouraged the import and export trade. The industrial zones set up to develop the Palestinian economy were also affected by these measures.

15. According to officials from UNSCO and other United Nations organizations in the field, the same applied to the technical cooperation projects being executed to help the Palestinian economy stand on its feet. The administrative security measures affected the supply of necessary equipment (which could be held up in the Israeli ports and be subject to a storage charge), the movement of vehicles (including the granting of authorizations for drivers and vehicles) and even the recruitment of experts and the extension of their contracts.

16. Some of the Palestinian personalities that the mission met further observed that the annexation of East Jerusalem had created a situation that was different from that of the West Bank and the Gaza Strip. Over the years, the Israeli occupation had reduced job opportunities in East Jerusalem and obliged skilled workers to move elsewhere; when in 1993 the Israeli authorities made it more difficult for Palestinians to live in East Jerusalem (by demanding proof that it was the main centre of their life), many of those that had left returned, but they had been unable to find work; in many cases they were not entitled to social security benefits either. Their return in large numbers had also caused rents to rise. In a word, the standard of living in East Jerusalem was now very low. They added that restrictions also applied to commercial activities, although the return of the people who had emigrated had brought some improvement; while the Palestinian market was open to Israelis, the same was not true of the Israeli market for Palestinian businessmen. The present fragmentation of the Palestinian territories was a further obstacle to trade.

17. The Director-General of the Israeli Ministry of Labour and Social Affairs and the Ministry of Defence's Coordinator of Government Activities in the Territories emphasized the importance that they attached to developing relations between the ministers of the Israeli Government and those of the Palestinian Authority; meetings were held at that level. They felt that the development of stable and lasting relations was in the interest of both parties. They recalled that they had decided to reduce the number of foreign workers and to increase that of Palestinian workers. In so doing they were taking a calculated risk, since those foreign workers had been authorized to work in Israel because of the threat of terrorism. The Israeli officials also had to convince Israeli employers that they

had good reason to apply this policy and to ensure that there was a certain amount of regularity in the possibility of Palestinian workers working in Israel, where unemployment had now reached 8.6 per cent.

18. They added that the Israeli Government had continued to implement the decisions taken since August 1997, namely:

(a) cancellation of the quotas for Palestinian workers;

(b) allowing many of these workers to continue entering and working in Israel during periods of tightened security, including during the closure of the territories; in one instance of closure, up to 30,000 Palestinian workers had thus been able to work in Israel;

(c) acceleration of formalities at points of entry, with the replacement in the near future of soldiers by civilians for verifying the entry of Palestinian workers into Israel;

(d) lowering of the age of workers entitled to work in Israel to 23 (with the intention of further reducing the age limit, to which some exceptions had already been granted);

(e) allowing for more flexible working hours in Israel, so that Palestinians could work until evening, or even in shifts;

(f) facilities (already granted) for Israeli employers to meet Palestinian jobseekers;

(g) allowing a number of Palestinian workers (up to 8,000 under existing arrangements, but this limit could be raised if necessary) to spend the night in Israel; some 5,000 Palestinian workers currently held this type of permit (the number corresponded to the demand from employers);

(h) cooperation on vocational training; courses were notably being planned in the construction sector, and might be extended for example to microelectronics.

19. The Israelis that the mission spoke with added that this was an ongoing process that would inevitably take time. The impact it has had so far in practice is described elsewhere in this report. It was also intended to simplify the procedures governing the movements of Palestinians, whether as workers, traders or transporters, and to develop industrial zones on Palestinian territory. Israelis were now able to make their purchases in the big Palestinian towns near the "green line". More important, it was Israeli policy to build up a climate of trust so as to improve relations between the two civilian societies. Arrangements had accordingly been made with the Palestinian ministries, inter alia, to look into the various socio-economic issues. There was a liaison committee on labour issues, for example, that held frequent meetings.

20. Previous reports have explained that the Golan was occupied in 1967 and annexed by Israel in 1981. The annexation was never recognized by the United Nations or by the Arab population, which has always lived in the region and which has always called itself Syrian. The Israeli-Palestinian agreements do not concern this region. The position of the Government of Israel is that the Golan, to which Israeli law, jurisdiction and administration have been applied, does not constitute an occupied Arab territory within the meaning of the Director-General's report.

21. For its part, the Syrian Government has objected to the use of any term that describes the inhabitants of the Golan otherwise than as Syrian Arab citizens under occupation. It has also insisted that the region be referred to as occupied Syrian Golan, in accordance with the usage in United Nations resolutions.

22. The Syrian authorities stressed that the situation in the Syrian Arab Golan had not changed from previous years. They mentioned, inter alia, the confiscation of land, the problem of water and the settlement policies. The Syrian authorities added that earlier labour practices were still going on, including dismissals, discrimination in recruitment and wages, the ban on taking holidays for national events celebrated by other Syrian citizens and the ban on participating in demonstrations of solidarity with the Arab world. The Syrian Government continued that, although workers could submit complaints to the tribunals, in practice the procedure was lengthy and costly.

23. The Chamber of Commerce of Damas and the General Federation of Syrian Trade Unions described the situation in similar terms. For its part, the International Confederation of Arab Trade Unions stated that the population concerned continued to face difficulties, especially from the confiscation of land and discriminatory practices.

24. The Governor of Quneitra referred to the working and living conditions of Syrian Arab citizens of the Golan and to the injustice they suffered in terms of wages, insurance and unjustified dismissal. By way of example, he referred to the dismissal of Syrian Arab workers of the Golan who took part in the celebration of national or local holidays. He drew the mission's attention to the situation of teachers, who were given one-year contracts that were renewed only if they did not participate in the celebration of Syrian Arab national events. The Governor of Quneitra said once again that agriculture was the principal means of existence in the occupied Golan. In addition to land being confiscated, several measures had been adopted that were responsible for the declining production of Arab farmers. Moreover, the Israeli occupying authorities had built a cement and asphalt factory at Sahel Al Mafarik which was polluting the environment and harming the plantations, trees and fruit farms.

25. During the mission's visit to the region, the members of the Arab community that it met in Majdal Shams mentioned the same difficulties, emphasizing that the confiscation of land was a problem for agriculture. As for water, they were prohibited from digging wells or using the water from a nearby lake, while the Israeli settlers were authorized to do so; there were high taxes on water reservoirs. They added that the teachers in official schools were selected according to political criteria and were only able to keep their jobs if they demonstrated their loyalty towards the Israeli authorities. Unemployment was high, and those who worked were less well paid than Israelis; sometimes they were not even paid. The work they were used for was the kind that the Israelis refused to do.

26. As for the Golan region, the Israeli authorities repeated that they considered it as an integral part of Israeli territory and that, if there were any problems, the people concerned could apply to the tribunals.

THE ECONOMY AND THE LABOUR MARKET

27. The situation of workers of the occupied territories is, in large measure, determined by their being or not being able to earn a decent income, and hence by a variety of economic and related factors. The economy of the territories has, during many years of strife and occupation, been seriously distorted and hampered in its development. Palestinian labour has become heavily dependent on access to jobs in Israel. But wage income earned in Israel, significant as it may be, falls far short of what the West Bank and Gaza Strip would need to balance the deficit on account of their goods trade with Israel. In 1998 the value of registered imports into the territories from Israel exceeded the value of their exports to Israel by more than US$1.2 billion. Between 1994 and 1998 more than US$2.5 billion in assistance — including US$10.5 million by Israel — has been disbursed by foreign donors in support of Palestinian development. An even larger amount, however, was lost, in terms of income not brought back and products not produced as a result of the comprehensive security measures preventing the movement of workers and goods that were imposed by Israel.[3]

28. The dramatic decline in the Palestinian economy since 1994, evident for example in the 25 per cent drop in real per capita income, now appears to have come to a halt. In fact, current trends suggest that, for the first time in five years, income per head may be on the rise again. In 1997, according to estimates by the Palestinian Ministry of Finance and the International Monetary Fund (IMF),[4] the value of goods and services produced within the West Bank and Gaza Strip, i.e. their gross domestic product (GDP), increased by 1 per cent, and the value of their gross national product (GNP), a yardstick that incorporates income earned abroad — in this case in Israel — by 2 per cent. More optimistic growth estimates for 1997, made earlier, did not materialize, as a consequence of restrictions on the movement of workers and goods both within the territories and across the "green line" that separates them from Israel. In 1998, however, real GDP and GNP estimates from the same source, based on various assumptions about monthly labour and trade flows and about levels of investment, foreign aid and household consumption, were revised upward to 3 and 5.5 per cent respectively. As the population of the territories is currently estimated to be growing at between 3 and 4 per cent per year, a modest increase in GNP per capita is thus implied. While ample care should be excercised in citing actual amounts, the current per capita income of the occupied Palestinian territories is believed to be around US$1,700, with considerable variations — roughly 20 per cent plus or minus, for the West Bank and the Gaza Strip respectively. The average just

[3] See World Bank and United Nations Office of the Special Coordinator in the Occupied Territories: *The promise, the challenges, and the achievements — Donor investment in Palestinian Development 1994-1998* (Jerusalem, 1999).

[4] Cited in United Nations Office of the Special Coordinator in the Occupied Territories: *UNSCO report on economic and social conditions in the West Bank and Gaza Strip, Spring 1999* (Gaza, Apr. 1999).

exceeds the figure for Jordan (US$1,570 in 1997); however, it is far below the per capita GNP of Israel (US$15,810 in 1997).[5]

Population and labour force of the occupied territories

29. The final results of the first population census,[6] undertaken at the end of 1997 by the Palestinian Central Bureau of Statistics (PCBS), indicate a population of 1,873,476 in the West Bank, including East Jerusalem, and 1,022,207 in the Gaza Strip — a total of 2,895,683 for the occupied Palestinian territories as a whole. (In other words, almost two-thirds of the Palestinian population lived in the West Bank and one-third in the Gaza Strip.) Ninety per cent of the total population were actually enumerated during the census; the remainder were assumed either to be living in areas beyond checkpoints (notably, 210,209 Palestinians in East Jerusalem) or, as was shown in a post-enumeration survey, to have initially been missed out (a total of 83,805 persons). At an annual rate of population growth of 3 per cent, which is on the low side of current estimates, the total de jure population would have reached 3 million by the end of 1998.

30. Although official data are not available, informed observers confirm that the Israeli population in East Jerusalem has increased by tens of thousands, in recent years, mainly as a consequence of the construction of new settlements around the city. Israeli statistics show that the number of Israeli settlers in occupied territories other than East Jerusalem also continued to grow at a rapid rate. At the end of 1993, when the first Oslo agreement was signed, 116,400 settlers were counted; their number increased in four years by 38 per cent to reach 160,200 by the end of 1997. Except for around 6,000 in the Gaza Strip, all of these settlers lived in the West Bank.[7] As numerous indicators suggest an intensification of settlement activity during 1998, the total number of settlers in these territories is now likely to exceed 175,000.

31. As is typical of many developing countries, the Palestinian population is relatively young. Almost three out of four of those enumerated by the census (74 per cent) were under 30 years of age, which means that they were born after the beginning of Israeli occupation; some 47 per cent of those enumerated were under 15 years of age. Since around half of the 3 million population is of working age, and with an observed labour force participation rate now hovering around 40 per cent, the Palestinian labour force may be estimated to have exceeded the 600,000 level in the course of 1998.

[5] World Bank: *World Development Report 1998-99* (Washington, DC, 1999).

[6] Palestinian Central Bureau of Statistics: *Population, Housing and Establishment Census-1997, Census Final Results — Summary* (Ramallah, Nov. 1998).

[7] Israel, Central Bureau of Statistics (CBS): *Statistical Abstract of Israel 1998*, No. 49 (Jerusalem, 1998), table 2.7. The population of the Golan was reported, in the same table, to be 32,500 at the end of 1997, including 16,100 persons referred to as Druze, leaving 16,400, most of them Jewish settlers.

32. Four new rounds of the PCBS labour force survey were completed during 1998. Results show an average labour force participation rate of 41 per cent for the territories as a whole, with relatively minor — possibly seasonal — variations from quarter to quarter. The rate indicates the proportion of the population aged 15 and over who are either working or unemployed and seeking work. In the West Bank average labour force participation was 43.8 per cent and in the Gaza Strip 35.8 per cent. Major differences in labour force participation are particularly evident along gender lines. Average labour force participation in the West Bank, in 1998, was 72.1 per cent for males and 14.2 per cent for females. In the Gaza Strip the corresponding rates were reported to be 64.9 per cent for males and 5.8 per cent for females. As has been suggested in this report in previous years, the consistently low rates of female participation — very low indeed in the case of Gaza — point to a combination of factors, including conceptual and definitional issues, survey-related problems and cultural features. In any event, the possibility should not be excluded that female participation in the labour force, and hence employment and unemployment of women, is under-reported. The coordinator responsible for women workers at the headquarters of the PGFTU in Nablus pointed out that she knew of thousands of women in that part of the West Bank alone who were involved in home-based production activities and of others who were from time to time employed in Israeli agriculture.

Employment and unemployment

33. A breakdown of the labour force statistics by employment status, as is presented for the territories as a whole in table 1, shows that, on average, a significantly larger proportion of the Palestinian labour force was employed in 1998 than had been the case in 1997. As a corollary, the average unemployment rate, though still very high at 15 per cent, dropped in 1998 to levels that had not been seen for a number of years. Given the size of the labour force, the number of those without work who are actively seeking but unable to find employment has thus declined to around 90,000. Relative improvements in the labour market, including a reported decline in underemployment are due primarily to a reduction in the number of days workers were prevented from going to jobs in Israel and, furthermore, to the creation of more than 25,000 additional jobs within the occupied territories. The data in table 1 confirm the relative importance of wage employment in Israel as compared to wage employment within the territories, and of self-employment as compared to wage employment. The combined figure for self-employment and unpaid family work, together with the nature of the Palestinian economy, point to relatively large numbers of small farmers and informal sector entrepreneurs.

Table 1. Employment status of the Palestinian labour force (averages for 1997 and 1998, and for each quarter of 1998, as a percentage of the total labour force)

Employment status	Average 1997	Jan.-Mar. 1998	Apr.-Jun. 1998	Jul.-Sep. 1998	Oct.-Dec. 1998	Average 1998
Employed	79.7	84.5	86.4	83.8	87.2	85.5
Wage employed in territories	36.7	38.2	38.2	37.5	39.0	38.2
Wage employed in Israel and Israeli settlements	12.7	16.5	18.2	17.6	18.1	17.6
Self-employed/ employer	22.5	23.2	22.6	22.2	22.6	22.7
Unpaid family worker	7.8	6.6	7.3	6.5	7.5	7.0
Unemployed	20.3	15.5	13.6	16.2	12.8	14.5

Source: Based on PCBS labour force surveys, rounds 8-11; see e.g. <http://www.pcbs.org>.

34. *Work in the West Bank and Gaza Strip*. In keeping with the results of the labour force survey, and for an estimated Palestinian labour force of 600,000 in 1998, a total of around 400,000 workers were working within the occupied territories, excluding Israeli settlements. Some 230,000 of them were working for wages in public or private establishments, while the others were own-account or unpaid family workers. While public sector wage employment, mostly for the Palestinian Authority, is estimated now to have increased to almost 100,000, it would appear that most of the additional jobs created in the course of the year are in the private sector, especially in construction. Other branches also registered employment growth, notably manufacturing and commerce. Although a small increase in employment in agriculture and fishing is reported, the employment share of that branch continued to decline to reach around 12 per cent.

35. Following a census of establishments in the occupied territories, not including the part of Jerusalem annexed by Israel, undertaken by the PCBS in 1994-95, a second such inquiry was conducted by teams of the population and housing census in 1997. A total of 82,305 establishments were recorded as operating in 1997, almost 77,000 of them private and government companies. The latter were found to engage 191,361 persons, including 31,171 women. Almost 61,000 of the total were working in manufacturing establishments and almost 66,000 in establishments classified in the "wholesale, retail trade and repairs" category. The earlier establishment census had found 58,156 private and government companies to be operating at the beginning of 1995 and providing work for 153,062 persons, including 19,759 women. These findings suggest that economic activity and employment within the occupied territories increased significantly over the three-year period. It is significant that, while the overall

numbers engaged are reported to have increased by 25 per cent, the number of women appears to have jumped by almost 58 per cent.

36. *Work in Israel and in Israeli settlements*. A permanent closure of the occupied territories has been in force since 1993, meaning that Palestinians residing there need valid permits to enter East Jerusalem or Israel, regardless of their reason for travelling. Given the fragmented nature of Palestinian-controlled lands, going from one to the other, especially from the West Bank to the Gaza Strip or vice versa, has thus become always problematic and, for many people, impossible. Those who wish to work in Israel need an additional work permit. Other permits provide for doing business, for an overnight stay, for being at the Tel Aviv airport, or for crossing the bridge into Jordan. A particularly rare permit would allow one to cross the "green line" in a specified Palestinian registered vehicle. According to those who have gone through the process, obtaining such permits is generally a very tedious process. It always costs money.

37. Over the years, Israeli authorities have repeatedly withdrawn or invalidated these permits following violent incidents, or so as to prevent such incidents occurring — for example, during Jewish holidays. These periods of what is commonly referred to as "comprehensive closure", when the whole of the territories are targeted, or of "partial closure", if only certain parts are affected, have had a particularly negative effect in terms of employment and income opportunities for Palestinian workers. UNSCO has calculated that, during the six-year period 1993-98, there were 436 comprehensive closure days in total, including 323 days that would otherwise have been working days. Almost 20 per cent of potential working days were lost during these six years, with peaks of 29 and 33 per cent of working days in 1995 and 1996, respectively. In 1997 there were 77 days of comprehensive closure, including 57 working days. The reported improvement in the labour market situation of the occupied territories during 1998 is in no small measure due to the fact that there were only 26 comprehensive closure days, including 15 working days.

38. The average number of permits issued to Palestinians from the territories and valid for work in Israeli-controlled areas was 54,644 for the year 1998, 8.3 per cent up from the year before. Roughly half of these permits were for West Bank residents and the other half for people from the Gaza Strip. Some 12,700 of all permits were for work in settlements and industrial zones, such as at Erez on the Gaza border. These estimates by UNSCO tally with data obtained from the Israeli authorities. As noted in this report in previous years, however, there tends to be a significant discrepancy between the number of valid permits and the number of permits actually used. UNSCO data, based on fairly accurate observations for Gaza and on an extrapolation for the West Bank, suggest that real average labour flow was 44,431 per month in 1998, up 17 per cent from 1997. As has always been the case, a majority of these workers (55 per cent in 1998) is employed in the Israeli construction sector; others are in agriculture, particularly at harvest time, in manufacturing enterprises or in commerce and tourism.

39. According to the Israeli authorities, the number of permits of another kind, namely for merchants and traders from the territories to do business in

Israel, had more than doubled in 1998 to reach an average of 16,500 on a monthly basis; it reached 27,000 during February, March and April 1999. There is now a new permit being made available to limited numbers of prominent Palestinian business people. This "businessmen card" would be valid for one year and allow the holder to take a vehicle into Israel, stay there overnight and move freely between the West Bank and Gaza Strip. Initially, there would be a quota of 250 such cards distributed to applicants submitted by the Palestinian Authority and subject to Israeli security approval. As of April 1999, 39 cards had been issued, and the Israeli authorities said that they were waiting for lists of additional candidates from the Palestinian side.

40. It is a well established fact that, in addition to the workers who are officially registered, relatively large numbers — in particular West Bank residents — cross the "green line", if they can, to work in Israel without a work permit. Although estimates vary considerably, it is plausible that their number exceeds that of work permit holders, thus pushing the total, for the first time since 1992, to well over 100,000 workers. Prospects for increasing further the number of workers from the territories working in Israel are, inter alia, related to the fact that Israeli employers have resorted in recent years to hiring relatively large numbers of foreign workers from Romania, Thailand and other countries. According to the Israeli Ministry of Labour, the number of legally employed foreign workers in Israel had declined from over 100,000 to around 80,000 at the start of 1999. However, there was an unknown number, perhaps another 80,000, of illegally employed foreign workers in the country. Other Israeli interlocutors, including those at the Histadrut, thought that there might be as many as 300,000 to 400,000 foreign workers whom they wanted to see replaced by Palestinians.

41. According to the Israeli Coordinator of Government Activities in the Territories, close relations had developed over the past years between Israeli and Palestinian authorities in the field of labour and employment. It was current Israeli policy, as a matter of mutual interest, to give priority to Palestinian over foreign workers in the Israeli labour market. Efforts were being made to locate further places of employment for Palestinians in Israel, and to overcome the obstacles which had curtailed such efforts in the past. In fact, quotas for work permits had been abolished, and access of Palestinian workers to jobs in Israel was now said to be determined by market needs, subject of course to security considerations. Palestinian employment in Israel, it was stated, should be stable and continuous. Even at times of threat, a new "continuous employment" programme would be, and had on one occasion been implemented, allowing up to 30,000 carefully screened Palestinian workers to renew, within days, work permits withdrawn at the time of a comprehensive closure. Other measures taken included permission for up to 8,000 workers from the territories to stay overnight at their workplace in Israel and an extension of the working day till 7 p.m. or even beyond, thereby making shift work possible. Moreover, efforts were under way to promote industrialization within the territories, including in "closure-free" industrial zones — such as the one just opened at Karni, on the Gaza border, which is expected within five years to employ up to 50,000 people. Another project concerned improving the handling, day-in day-out, of tens of thousands

of Palestinian workers crossing through the Erez checkpoint between Gaza and Israel. The idea was to "civilianize" the process and let the screening be done in a new terminal by the Israeli Airport Authority, which was already in charge of handling trucks at the Karni crossing.

42. *Wages*. Leaving aside the fact that there are not enough jobs for everyone within the occupied territories, Palestinians are seeking work in Israel, in spite of all the problems involved, because wages there are substantially higher than in the domestic economy. Based on its quarterly labour force survey, the PCBS estimates that the average daily wage brought back from Israel in 1998 was NIS 86.72, or US$22.88.[8] The average daily wage for those who had worked in the West Bank was US$13.36, and in Gaza it was US$10.79. Average monthly take-home pay, calculated by multiplying the average daily wage rate by the average number of days worked per month, increased for those who were able to work in Israel from NIS 1,643 to NIS 1,763, i.e. by 7.3 per cent. (In terms of US dollars, there was a decline of 4.1 per cent as a result of the depreciation of the Israeli currency in the second half of 1998.) Finally, the average monthly wage of all workers of the occupied territories, irrespective of their place of work, was estimated at US$355, unchanged in real dollar terms from the previous year.

43. *Unemployment*. Until 1993 average unemployment rates in the territories used to be relatively low, at under 6 per cent. Certainly, there was not much work to be had in the domestic economy, but job opportunities "across the green line" would absorb, albeit not always without difficulties, up to one-third of the Palestinian labour force. Then, in the wake of a series of violent incidents, the Israeli authorities began to apply comprehensive or partial closures, and other measures halting or limiting the movement of workers and goods. As a result, employment opportunities — and hence unemployment rates — varied enormously during the year. In 1995 the average unemployment rate was 18.2 per cent, and in 1996 it was as high as 23.8 per cent. Reports of weeks or months on end during which more than half of the Gaza labour force was without work and income are, therefore, more than plausible. As shown in table 2, based again on the results of PCBS labour force surveys, average unemployment stood at 20.3 per cent in 1997, with considerable variation between the West Bank (17.3 per cent) and the Gaza Strip (26.8 per cent). In 1998 the employment situation of workers of the occupied territories improved considerably, with average unemployment dropping to 14.5 per cent. In Gaza, however, average rates — around 20 per cent throughout the year — remained extremely high. The problems of unemployment become particularly evident when variations by age group are observed. Youth unemployment, such as in Gaza where one person in three in the 15-24 age group is affected, is a most serious issue, not least from a security standpoint.

[8] UNSCO, op. cit.

Table 2. Unemployment in the West Bank and Gaza Strip (averages for 1997 and 1998, and for each quarter of 1998, as a percentage of the total labour force and of the labour force aged 15-24)

Unemployment as a percentage of the total labour force	Average 1997	Jan.-Mar. 1998	Apr.-June 1998	July-Sep. 1998	Oct.-Dec. 1998	Average 1998
West Bank	17.3	12.9	10.8	13.2	9.4	11.6
Gaza Strip	26.8	20.8	19.7	23.0	21.1	21.2
Occupied territories	20.3	15.5	13.6	16.2	12.8	14.5
Unemployment as a percentage of the labour force aged 15-24						
West Bank	24.5	19.0	17.7	20.1	14.7	17.9
Gaza Strip	36.7	33.2	30.7	38.2	30.5	33.2
Occupied territories	28.2	23.3	21.5	25.3	19.3	22.4

Source: Based on PCBS labour force surveys, rounds 8-11; see e.g. <http://www.pcbs.org>.

44. The standard ILO definition of unemployment, used by the PCBS, excludes persons of working age who do not work and do not look for work because they are convinced that they would not find it. These "discouraged" workers are, therefore, considered as not participating in the labour force. In its latest report on economic and social conditions in the West Bank and Gaza Strip, UNSCO estimated that including such persons in an analysis of unemployment would yield an adjusted average unemployment rate for 1998 of 25 per cent, compared to 30 per cent in 1997. Using the broader definition, UNSCO arrives at an estimated 165,700 unemployed persons in 1998, a decline of almost 13 per cent compared to 1997. The report adds, however, that in absolute terms the number of discouraged workers had increased to around 75,000.[9]

45. *Employment prospects and policies.* Although, after several years of serious crisis, there were ample indicators of improvement in 1998, the employment situation of workers of the occupied territories remains of grave concern. Unemployment, underemployment, precarious jobs and poverty-level incomes on the kind of scale found in the West Bank and Gaza Strip may obviously cause a number of social problems. Employment, given its strategic significance, should perhaps feature more explicitly, for example, on the Palestinian policy agenda. True, the authorities are trying, often against heavy odds, to promote economic development that is expected to result in new jobs. Meetings have taken place on labour issues, as provided for in the 1994 Paris agreements on economic relations between the parties in the peace process. Steps have been taken gradually to readmit Palestinian workers to job opportunities in

[9] UNSCO, op. cit.

Israel. The first workers have started to go to jobs at the new industrial zone, at Karni in the Gaza Strip. Much remains to be done, however, to make sure that the issue of decent employment opportunities does not boil over. The problem will in any case remain for the foreseeable future. In fact, trends in labour supply and in what may reasonably be expected in terms of additional demand for labour in the domestic economy of the Palestinian territories suggest that things may get worse before they get better, unless ample income is earned across the "green line". In order to absorb new arrivals on the domestic labour market and, at the same time, reduce unemployment and underemployment, tens of thousands of new jobs will have to be created in the West Bank and Gaza Strip, year after year. They are not being created at present. Private investors are reluctant to assume the costs and risks associated with the current political circumstances. And the Palestinian Authority, the territories' major employer, is facing severe budgetary constraints, and is unlikely therefore soon to increase its staff significantly. Even if such constraints were removed, there would be a natural limit to employment growth, meaning that it would take years for this relatively small economy to offer jobs for all, i.e. for new arrivals, for those currently unemployed, and for the more than 100,000 Palestinians who now depend for their livelihood on employment in Israel.

SOCIAL SECURITY, LABOUR LEGISLATION AND INDUSTRIAL RELATIONS

Social security

46. The question of compulsory social security deductions imposed on Palestinians working in Israel has been extensively discussed in previous reports;[10] for example, these workers are not entitled to benefits that are conditional on residence. The Palestinian personalities that the members of the mission met recalled that a social security code was currently being prepared with ILO assistance, and consultations had been held on the project. The Ministry of Labour had recently sent a piece of legislation to the President of the Palestinian Authority, asking him to introduce it as a matter of urgency. Pending its adoption, Palestinians working in the West Bank still come under Jordanian labour legislation, which affords them protection in the event of sickness, invalidity or occupational injury; those working in the Gaza Strip come under 1957 Egyptian legislation and have no social security protection at all. The Paris Agreement stipulates that Israel will hold the monies deducted from the wages of Palestinians working in Israel in its Equalization Fund until such time as the Palestinian Authority has created a corresponding fund into which the monies can be paid. The sums involved are now quite considerable. The planned social security code makes provision for such a fund, and the Israeli authorities have said that they will transfer the amounts involved to the Palestinian fund as soon as it is set up.

[10] See paras. 85-91 of the 1993 report of the Director-General to the International Labour Conference, and paras. 71-74 of the 1994 report.

The Israeli and Palestinian authorities keep each other regularly informed of progress in this direction.

Labour legislation and industrial relations

47. Most of the complaints submitted to the tribunals by Palestinians working in Israel apparently concern wages, especially non-payment and failure to pay the minimum wage. Others, notably in industrial zones, are said to concern occupational injuries. According to several Palestinians to whom the mission spoke, the deposit required by Israeli tribunals to initiate proceedings continues to discourage workers from seeking satisfaction. Officials of the Israeli Ministry of Labour said that they had proposed an arrangement whereby, instead of a deposit, complaints would be guaranteed by the Palestinian Authority, but they had not yet received a reply to their proposal. As will be seen below, the Histadrut now has a small fund that should be able to help Palestinian workers pay the required deposit.

48. An important issue for Palestinians working in the territories is the adoption of a labour code. A draft has been prepared with ILO technical assistance and has had its first reading in the Palestinian Legislative Council. Extensive consultations have been held and many comments received, especially from the Palestinian trade unions. The latter's observations are to the effect that the draft had been modified and, in its current form, no longer provides for any sanctions for infringing the rules, nor for the establishment of a labour inspectorate to enforce them; according to the Palestinian trade unionists the mission encountered, it does not contain any provision on occupational safety and health either. The representatives of the Palestinian trade unions stressed the urgency of adopting the code and the importance of enforcement and of a properly trained labour inspectorate. According to information received by the mission, Palestinian employers have discussed the matter and now have a common position on the draft code. The same is not apparently true of the trade unions, and some argue that this is holding up the code's adoption. Nevertheless, a campaign in favour of its adoption is being prepared, and a tripartite meeting is even expected to be held shortly to try and overcome the differences of opinion.

49. Regarding industrial relations, as in other areas, a distinction obviously has to be made between the situation of Palestinians working in Israel and that of those employed in the occupied territories. People working in Israel do not join the Israeli trade union organization Histadrut. As the workers' representative, the Histadrut levies dues, currently amounting to 0.7 per cent, on the wages of all Palestinians working in Israel with a permit. The Palestinian workers can be covered by Israeli collective labour agreements and be defended in court by the Histadrut. The latter's representatives said that four of its jurists were responsible for handling the legal problems of Palestinian workers, for discussing them with the employers and their lawyers and, if necessary, for submitting a complaint to the tribunals; the Histadrut now has a small fund to help these workers pay the deposit that is required if they take a case to court. Moreover, the Histadrut's

International Institute for Peace and Democracy runs training courses for Palestinian workers.

50. It has been agreed that Histadrut will turn over to the PGFTU half of the dues levied on the wages of Palestinian workers. It has also been accepted that the Israeli Ministry of Labour and Social Affairs, which collects these dues, will pay its share directly to the PGFTU. Both sides have confirmed that these transfers are now being made.

51. Some of the personalities that the mission met said that they were concerned about the uncertain role of Palestinian trade unions, both now and in the future. Certain sectors of the trade union movement have, for historical reasons, hitherto operated in close collaboration with the Palestinian Authorities. Questioned on this point, the officials of the Ministry of Labour stressed that they wanted to see a situation evolve that was in keeping with international labour standards.

52. The leaders of the PGFTU that the mission encountered also stressed the effort they were making to build up a genuinely independent and democratic trade union movement. Elections had been held for sectoral trade unions and a congress was due to be held in the coming months, when the by-laws that already existed in draft form were expected to be adopted. The Federation was endeavouring to increase the number of its members and their active participation. It especially wanted to increase the membership of women, which was still small despite the considerable effort made by its militants during the past three or four years; some progress had however been made, since women now accounted for 7 to 8 per cent of the Federation's members. Much had also been done by way of education. Another immediate objective of the trade unions was the final adoption of a labour code, which would put an end to the current uncertainty as regards the applicable legislation. The Federation's officials reiterated their desire to see better tripartite consultation with the Palestinian Authority and with the employers' organizations.

53. The mission was informed that, in spite of these difficulties, a number of collective agreements had been concluded at enterprise level in such sectors as textiles, construction and telecommunications in the West Bank; in Gaza collective agreements had been signed with the Ministry of Health, the Confectioners' Association, the Fishermen's Association and a number of private enterprises (a hospital, a telecommunications enterprise, a biscuit manufacturer, etc.). Some works committees had been set up in coordination with the trade unions, though in other instances relations between these committees and the trade unions had proved to be somewhat tense.

54. Strikes had been held in the public service in November 1998 and at the beginning of 1999. According to the PGFTU, some 50,000 workers — mainly teachers, medical staff and laboratory assistants — were involved. The trade unions apparently entered into discussion with the striking workers, mainly on the adoption of a code for the public service. The protest movements varied according to the category of worker concerned. Some difficulties had also arisen from the fact that, under Jordanian legislation applicable in the West Bank, all strikes in the public sector are illegal; as a general rule it was much more difficult to resolve a dispute with a public employer than with a private employer.

55. The officials of the Palestinian Ministry of Labour explained that they needed ILO assistance to strengthen their labour administration and their handling of industrial relations. Proposals were currently being discussed, for example, with regard to occupational safety and health. Other proposals from the Israeli authorities concerned the training of construction workers.

TECHNICAL COOPERATION

An overview

56. During the period under review the ILO continued to implement the Memorandum of Understanding signed with the Palestine Liberation Organization, Department of Economic Affairs and Planning, in January 1994 and endorsed by the Palestinian Authority. The situation of workers of the occupied territories is invariably linked to meaningful and gainful employment opportunities and income-generating activities for the Palestinian people. The ILO has undertaken various activities to respond to the needs of the people and communities in the occupied territories in order to improve their situation and significantly enhance their living standards.

57. In the biennium 1998-99 the ILO's regional programme for the Arab States attached great importance and priority to assisting the countries and territories directly concerned with the peace process in the subregion, in particular Gaza and the West Bank. The ILO's contribution in this area continued to be focused on capacity-building activities for officials responsible for labour and social policies and for the representatives of the employers' and workers' organizations.

58. The programme also provided for the development of employment policies, human resources development, and promotion of employment through small enterprise development under the *Improve Your Business* (IYB) programme, whose training package has been translated into Arabic with funds from the Swedish International Development Agency. The IYB programme is to contribute to economic growth in the West Bank and Gaza by promoting the sustenance and growth of existing small businesses through improved managerial performance and capacity building of local organizations so that they can implement, manage, monitor and sustain the programme. Support was provided to the Ministry of Labour in the design and drafting of the social security legislation and the draft Labour Code.

59. As regards gender issues, the ILO has organized a regional seminar on the promotion of micro and small enterprises for women focusing on the creation of an enabling business environment and the provision of facilities such as credit schemes, training opportunities and marketing. Within the framework of the *International Programme on More and Better Jobs for Women,* an action plan for the West Bank and Gaza has been formulated and a proposal to implement the plan is being considered.

60. The special programme in support of the Palestinian Authority and employers' and workers' organizations has continued to be a major focus of ILO

technical assistance to the occupied territories. From consultations and dialogue with the tripartite partners resulting in an agreement on country objectives, it is clear that poverty alleviation and employment promotion in Gaza and the West Bank remain critical issues for the Palestinian people. Although the Palestinian workers have access to employment opportunities in Israel the solution to poverty and to the lack of means of sustainable livelihood lies in the development and creation of employment opportunities in the West Bank and Gaza Strip.

61. The ILO Multidisciplinary Team for the Arab States (ILO/ARMAT) has continued to focus and address these concerns by providing technical advisory and backstopping services to the programmes initiated by the ILO. The advisory services focused on social security, occupational safety and health, labour statistics, labour legislation and the development of small entrepreneurs and SMEs. The technical units at headquarters have continued to provide additional inputs.

Ongoing assistance programme

62. During the period under review, the ILO continued to implement a sizeable technical assistance programme in the West Bank and Gaza and the Palestinian territories involving over US$10 million. The Palestinian Employment Programme (PEP), whose objectives and aims are to expand the employment opportunities of the Palestinian labour force, is currently one of the main ILO activities in the occupied territories.

63. Under this programme, financed by the United Arab Emirates (US$1,479,351), employment services will be enhanced in order to contribute to matching demand with supply in the labour market. The programme will also provide accurate data to assist policy-makers in designing appropriate employment and labour market policies under a Palestine Employment Strategy (PES). An operational labour market information system (LMIS) is being set up to help decision-makers establish a framework and policy direction to deal with emerging employment issues, labour market development and poverty alleviation. The programme will also enhance the capacity of the Palestinian Authority's Ministry of Labour to operate public employment services efficiently. Although this programme is nationally implemented, the ILO continues to provide technical support and supervision in collaboration with the MDT and Regional Office in Beirut.

64. Through the Regional Office for Arab States and the ILO International Training Centre in Turin, the ILO continues to support the Ministry of Labour in developing a viable labour administration system and occupational safety and health programmes geared to the needs of the Palestinian Authority. The Ministry of Labour has already taken action through internal consultations to determine its training needs, for submission to the Regional Office for Arab States in Beirut for possible funding.

65. The Israeli Ministry of Labour has indicated its desire to collaborate with the Palestinian Authority in developing similar systems, with the emphasis on capacity building under article 7 of the Paris Agreement. Consultations between

the two ministries are held regularly, inter alia, on the possibility of Israeli technical assistance, but the Palestinian official that the mission met considered that follow-up had been rather slow. However, according to the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs, the Israeli Government financed activities for the Palestinians in 1997 (US$2.3 million) and in 1998 (US$2.2 million) and intends to finance similar activities in 1999 (US$2.5 million).

66. ILO technical assistance has also been for the rehabilitation and integration of ex-detainees under a major programme funded by the European Union and the Swiss Development Cooperation directly through the Palestinian Authority. The Italian Government provided funds through the ILO for technical support to extend services such as vocational training and retraining, education services, health insurance and business start-up loans for income-generating activities to cover about 400 participants. In order to build local capacity to produce low-cost reliable wheelchairs, a project funded by the United Arab Emirates (US$1 million) continued to be operational and an important contribution to the integration of disabled persons in the social and economic sector of development.

67. The ILO continued to support the Vocational Rehabilitation Centre under a programme for people with disabilities which was funded by the United Arab Emirates (US$2 million) in order to enhance its capacity to provide community-based support services to facilitate the acquisition by disabled persons of necessary vocational skills and to improve their chances of finding employment in their communities. The Sheikh Khalifa Ben Zayed Al Nahyan Rehabilitation Centre in Nablus will be completed this year and will employ about 80 people. Recruitment of trainers and training activities are expected to start in September 1999. The mission visited the Centre, which will be handed over to the Palestinian Authority in the West Bank after two years.

68. Furthermore, ILO technical assistance has been directed at small Palestinian contractors to help them acquire new technology, improve management and increase productivity in existing small construction enterprises in the West Bank and Gaza. The project, funded by the Government of Kuwait (US$550,000), will also establish a local capacity to sustain the *Improve Your Construction Business* (IYCB) programme; the second phase, which is under discussion, will cost another US$550,000. Assistance was also provided to the Palestinian Chamber of Commerce in the West Bank and Gaza Strip on integrated small enterprise development, with US$1,522,789 provided by the Italian Government.

69. Likewise, technical assistance on workers' education focusing on vocational training was provided to the Palestinian General Federation of Trade Unions (PGFTU). This particular project, funded by the Italian Banking Sector Unions (US$325,214), is intended to secure the effective participation of workers' representatives in the formulation and implementation of training programmes that will eventually benefit the workers. Specific activities will include the development of a modular training system in building maintenance for the retraining of unemployed workers. With funds (US$180,368) from the United

Nations Development Programme (UNDP), the ILO assisted the Palestinian Ministry of Labour in building its capacity in the field of labour and social policy.

70. ILO financial support was made available to the Palestinian Central Bureau of Statistics (PCBS) to develop a five-year master plan to meet the statistical needs of the Palestinian Authority. Within the framework of this master plan, the ILO prepared a programme of labour and related social statistics which contributed to the establishment of a Labour Statistics Unit within the Bureau. Support was provided to the Bureau in launching its labour force survey programme for collecting regular data on the employment, unemployment and wages of the Palestinian population. Resulting from these efforts and the implementation of relevant activities, quarterly labour force surveys are now being prepared which will serve as inputs into the labour chapter of the forthcoming *Statistical Abstract of Palestine*. The PCBS labour force survey has now become the main source of information on employment and unemployment in the West Bank and Gaza. With funding from the Swiss Government and ILO technical support, elements of a labour statistics programme dealing with wages statistics and the statistical use of labour-related administrative records will be established gradually. With funds from DANIDA (US$92,000), the ILO has assisted the Palestinian Authority, through advisory training services, to develop its capacity in occupational safety and health. A project to strengthen training and advisory services in occupational safety and health (US$585,000) is under discussion.

71. At the Consultative Group meeting for the West Bank and Gaza held in Frankfurt, Germany, at the beginning of this year, donors reaffirmed their pledges of US$3 billion made in November 1998; hence, more resources are likely to be made available to the occupied territories for new development initiatives. At the same meeting, the Palestine Development Plan for 1999-2003 was launched. The ILO will be ready to assist its constituents in implementing the programme through technical advisory services on the basis of the Palestine Development Plan objectives.

72. With regard to ongoing technical cooperation activities being undertaken by the ILO International Training Centre, Turin, several activities worth about US$2 million were implemented with the Palestinian Authority. The first phase of the project to develop technical colleges of the Ministry of Higher Education, funded by the Italian Government (US$1.5 million), ended in December 1998. However, the Italian Government has provided an additional contribution of US$500,000 to finance the second phase in order to develop further the competencies of the managerial and teaching staff of the colleges, as well as to strengthen the link between the colleges and the relevant industries and the private sector. Furthermore, the Turin Centre conducted training courses for trainers of the Ministry of Labour, and as a follow-up to the Centre's earlier needs assessment mission earlier, a series of in-country training activities was implemented in Ramallah and Gaza.

73. Under a three-year Italian-funded programme, the Centre carried out training activities focusing on the promotion of women's rights and the strengthening of trade unions. The Centre also conducted in-country training

workshops on the promotion of Palestinian Women Entrepreneurs, with funds made available by the Walloon Community of Belgium over a two-year period. As a follow-up, the Centre conducted a training-of-trainers programme for women entrepreneurs in early 1999, with funds made available by the Italian Government. Further technical assistance was provided to the Palestinian Chamber of Commerce on integrated small enterprise development, and a training programme to strengthen Palestinian sectoral associations and enterprises was also carried out. On the basis of the twinning arrangements between the municipalities of Turin and Gaza, the Turin Centre conducted two seminars in Gaza on supervision and on strategic management.

74. As stated earlier, the Israeli authorities have taken steps through the Centre for International Cooperation (MASHAV) of the Ministry of Foreign Affairs to assist in building the capacity of the Palestinian Authority and the PGFTU by financing courses at the Histadrut's International Institute for Peace and Democracy at Beit Berl. According to MASHAV and Histadrut, a number of Palestinians have been trained in agricultural extension, small and medium enterprise development, gender and women in development and occupational safety and health. Eight workshops are planned for this year on vocational rehabilitation, in collaboration with the Palestinian Rehabilitation Institute. About 830 Palestinians from a number of institutions have participated in various training programmes at the same Institute sponsored by MASHAV. Even closer collaboration between the Histadrut, MASHAV, the Palestinian Ministry of Labour and the PGFTU is envisaged in the future.

Future technical assistance activities

75. Future ILO assistance to the occupied Arab territories will continue to be provided by the Regional Office for Arab States, particularly in the form of technical advisory services from the MDT in Beirut. Much of this support will continue to be directed towards improving the situation of workers in the occupied territories and towards support for the Palestinian Authority and employers' and workers' organizations. The ILO will also continue to focus its technical assistance on workers' rights, capacity building, employment creation, promotion of social dialogue, hotel and tourism development, social security protection and tripartism. Social protection, in particular, is an area which will require further assistance through the Palestinian Ministry of Labour, which is responsible for social security matters while the Ministry of Health has responsibility for medical care. In this regard a small social security department has been established in the Ministry of Labour with a view to planning and introducing a social security scheme

76. As mentioned earlier in the report, a social security code has been drafted with the assistance of the ILO. The code should give the necessary framework to develop an appropriate social security scheme. Such a scheme should have three broad objectives: to rationalize provisions for public sector workers, which vary between Gaza and the West Bank, with a view to establishing a unified and affordable public social protection system; to develop

a social security system for private sector workers employed within the Palestinian occupied territories, taking into account such public and employer-based provisions as already exist; and to address the social protection concerns of Palestinian workers employed in Israel. Additional and more detailed planning is necessary, taking into account the views of the social partners, in order to ensure that the scheme is based on a consensus as to priorities and structure. Considerable training and general capacity building in the Ministry of Labour will be required.

77. The tourism sector may have a significant role in the overall economic and social development process. The Palestinian authorities are aware that this sector relies first and foremost on the availability of skilled manpower, which in turn depends on programmes for vocational training and skills development. The Palestinian Authority's Ministry of Labour has stressed the importance of vocational training and the role the ILO could play in this area. A project proposal for US$583,500 has already been prepared. In the meantime, the Municipality of Nablus, in relation with an ongoing feasibility study on a hotel, catering and tourism training centre, has requested ILO assistance with the centre's architectural design and advice on future ILO technical support. ILO technical assistance will be provided in this sector to both municipalities, in Nablus and in Gaza.

78. The ILO will continue its technical cooperation programmes in the occupied Arab territories, with the aim of improving the situation of the workers, by focusing its assistance on employment and sustainable livelihood, building the capacity of its constituents and enhancing social dialogue and tripartism. Consultations have already been carried out between the constituents and the Regional Office in Beirut for further technical assistance. A list of projects worth US$3,688,500 has been prepared for donor funding in order to provide technical assistance for the development of a social security system, for the development of the hotel, catering and tourism sector, for a *More and Better Jobs for Women* programme and for employers' and workers' organizations in the occupied territories.

79. Beyond this brief outline of technical cooperation requirements and current and planned projects, reference also needs to be made to the discussions that the members of the mission had on the subject during their stay in Israel and in the occupied Arab territories.

80. The steps taken by the Centre for International Cooperation (MASHAV) of the Israeli Ministry of Foreign Affairs have already been mentioned, as have those of the Histadrut's International Institute for Peace and Democracy. The officials that the mission met spoke of their willingness to develop such cooperation in several areas, especially training (for economic development, for the promotion of small and medium-sized enterprises, for the management of agriculture, in the field of occupational safety and health, etc.). They were prepared to organize courses either in Israel or in the occupied territories, and said that they were also ready to encourage collaboration between Israeli and Palestinian civilian institutions. The Histadrut's International Institute for Peace and Democracy is willing to increase the share of its training courses reserved for

Palestinians. Moreover, the Histadrut has organized seminars in collaboration with the PGFTU that should help trade union officials understand the legal and social security issues better; other seminars could be organized with the agreement of the Palestinian trade unions.

81. The members of the mission mentioned these proposals to the Palestinians they spoke to, who said that any offers of help, including offers from the Israelis, were welcome. The Palestinian authorities were ready to collaborate on any project that might improve the situation of the workers of the occupied Arab territories. However, they did say that the continuing administrative restrictions for security reasons, especially at entry points, were a major obstacle to any such cooperation in practice. As already mentioned, the UNSCO officials confirmed that they had indeed come up against this kind of difficulty. For their part, several Israeli officials thought that the impact of these administrative measures was very much exaggerated.

82. The second observation made by the Palestinian officials concerns the content of the technical cooperation that was required. They pointed out that the necessary infrastructure was still very limited in the occupied Arab territories (for example, in terms of vocational training and capacity building in social institutions, including workers' and employers' organizations). Consequently, they considered that technical assistance should focus on these areas.

* * *

83. As in the past, the role of the ILO mission was to collect as much information and data as possible on the working conditions of the workers of the occupied territories. The main purpose of this report, therefore, has been to summarize the extensive information obtained both prior to the mission's visit to Israel and to the occupied Arab territories and during its visit to the area. It does, however, endeavour to reflect the new developments and changing situation in the Palestinian territories, as described by Israeli and Palestinian officials. The two sides drew attention, inter alia, to the needs of the Palestinian workers and to the technical cooperation activities that had been undertaken or were planned to meet those needs. It is therefore only natural that these concerns too should be reflected in this report.

Geneva, May 1999.